

Message Text

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10

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 DRC-01 /166 W

----- 065876

R 120559Z MAR 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 9001

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

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BEIRUT PASS BAGHDAD

E.O. 11652: N/A

TAGS: ENRG, KU

SUBJECT: PARTICIPATION BILL HITS SNAG IN NATIONAL ASSEMBLY
COMMITTEE.

1. KUWAIT NEWSPAPERS REPORTED MARCH 10, THAT NATIONAL ASSEMBLY FINANCE AND ECONOMICS COMMITTEE UNANIMOUSLY DECIDED NOT RPT NOT TO RECOMMEND ADOPTION OF 60 PERCENT PARTICIPATION AGREEMENT SUBMITTED BY GOK IN ITS PRESENT FORM. COMMITTEE REPORTEDLY WANTS CHANGES TO ENSURE GOVERNMENT'S EVENTUAL TAKEOVER 100 PERCENT SHARE AND PROBABLY HAS PROBLEMS WITH COMPENSATION AND BUY BACK DETAILS AS WELL. PAPERS PREDICT THAT PARTICIPATION AGREEMENT WILL NEED TO BE RENEGOTIATED.

2. KUWAIT PAPERS MARCH 11, INDICATED ATIQUI WAS LOBBYING
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WITH PARLIAMENTARY COMMITTEE UP TO LAST MINUTE PRIOR TO HIS

DEPARTURE FOR CAIRO. DAILY NEWS REPORTING INTERVIEW WITH MINISTER OF DEFENSE AND INTERIOR SHAIKH SAAD INCLUDED HIS BLAND COMMENT THAT PARTICIPATION BILL BEING "STUDIED" PRESENTLY BY NATIONAL ASSEMBLY COMMITTEE AND HE HOPEFUL BILL WILL BE REPORTED TO FULL ASSEMBLY SOON.

3. COMMENT: WE HAVE NOT YET BEEN ABLE TO CHECK LOCAL NEWS REPORTS WITH OIL COMPANIES AND GOK OFFICIALS. NEVERTHELESS, WE THINK THAT IT COULD VERY WELL BE TRUE THAT FINANCE AND ECONOMICS COMMITTEE WHICH MEETS BEHIND CLOSED DOORS HAS REGISTERED PROBLEMS WITH GOVERNMENT PARTICIPATION BILL. AS OF NOW, NOT AT ALL CLEAR WHEN OR WHETHER PARTICIPATION AGREEMENT WILL BE APPROVED BY NATIONAL ASSEMBLY. MOREOVER, IF A NEW PARTICIPATION AGREEMENT BETWEEN SAG AND ARAMCO COMES TO LIGHT IN NEAR FUTURE, WITH TERMS NOTICEABLY BETTER FOR SAG, ANY HOPE OF PARLIAMENTARY APPROVAL OF EXISTING 60 PERCENT PARTICIPATION AGREEMENT HERE WILL BE LOST. WE HAVE INDICATIONS GOK MAY BE INTENTIONALLY SLOWING ASSEMBLY CONSIDERATION TO ALLOW TIME FOR OTHER COUNTRY-COMPANY AGREEMENTS TO BE NEGOTIATED.
STOLTZFUS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, NATIONALIZATION, AGREEMENTS, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT00946
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740351/aaaabvkq.tel
Line Count: 81
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2002 by rowelle0>; APPROVED <27 JUN 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PARTICIPATION BILL HITS SNAG IN NATIONAL ASSEMBLY COMMITTEE.
TAGS: ENRG, KU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005